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C O N F I D E N T I A L SECTION 01 OF 03 TEGUCIGALPA 000169

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SUBJECT: ROHRBACHER CODEL

¶1. (SBU) Congressman Dana Rohrabacher (R-CA) visited Honduras January 31-February 2 and called on Hondurans to "turn the page" on the political events of the summer. Congressman Rohrabacher commended the Honduran people for their commitment to democracy and said he would urge the U.S. government to re-instate revoked U.S. visas. Congressman Rohrabacher expressed concern that establishment of a "truth commission," as called for by the Tegucigalpa-San Jose Accord, would have the effect of continuing to divide Hondurans. Congressman Rohrabacher, who was accompanied by several American businessmen and investors, endorsed US investment and particularly lauded the benefits of the development of biofuel industry in Honduras. He enthusiastically promoted a start-up biofuel company, SG Biofuels. End Summary.

¶2. (SBU) Congressman Dana Rohrabacher visited Honduras January 31-February 2, accompanied by President and Vice-President of SG Biofuels, Kirk Haney and Greg Simon-Miro; John Saunders and James Righeimer; and political consultant Mark Klugman. The delegation met on February 1 with President Porfirio Lobo, who was accompanied by Secretary of State for Foreign Affairs Mario Canahuati; with President of Congress Juan Orlando Hernandez; and with Science Advisor to the President Ramon Espinoza. The delegation met on February 2 with President of the Supreme Court Jorge Alberto Rivera Aviles. The Ambassador and the Embassy country team provided Congressman Rohrabacher with a briefing. In addition to these official meetings, the delegation met independently and informally with several important actors in the Honduran political scene including: former President Ricardo Maduro; current Mayor of Tegucigalpa Ricardo Alvarez; businessmen Camilo Atala, Robert Vinelli and Richard Vinelli; and President of the Honduran Association of Small Renewable Energy Producers Elsie Paz.

TURNING THE PAGE ON THE COUP D'ETAT

¶3. (SBU) Throughout his visit, Congressman Rohrabacher stressed his great admiration for the commitment of the Honduran people to democracy. He warned of the danger of allowing "caudillos" or strongmen, like Cuban President Fidel Castro and Venezuelan President Hugo Chavez, to assume control and praised the recently replaced Honduran de facto regime. (Note: Rohrabacher did not request a meeting with Roberto Micheletti. End Note).

¶4. (SBU) In his conversation with President of Congress Juan Orlando Hernandez on February 1, Congressman Rohrabacher told Hernandez that he was an emissary of

Honduras' friends in Congress, in particular member of Congress Ileana Ros-Lehtinen. Congressman Rohrabacher told Hernandez he believes it is important to bring closure to the Honduran political crisis. Hernandez agreed that Honduras needs to put the crisis behind it, adding that the political amnesty decree passed by the congress on January 26 will contribute to that.

15. (SBU) Hernandez told Congressman Rohrabacher that it is difficult to understand why some foreign nations have not recognized the government of President Porfirio Lobo. Hernandez noted that the electoral process that led to the November 29 general election began long before the June 28 coup d'etat and was organized by an autonomous body, the Supreme Electoral Tribunal. Hernandez asked Congressman Rohrabacher for assistance with resumption of U.S. assistance. Hernandez stated that some steps on re-engagement had already taken place, noting his meeting with the Ambassador earlier that day. Hernandez told Congressman Rohrabacher that all political parties represented in congress are ready to take measures to attract foreign investment. Hernandez said that he is committed to modernizing the congress and requested information about the workings of U.S. congressional committees.

16. (C) Hernandez noted that he was scheduled to meet with an Israeli delegation on February 5 to discuss their concerns about Iranian contacts with Venezuelan President Chavez; Hernandez added that he knew the U.S. was also concerned about such contact.

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17. (SBU) During Congressman Rohrabacher's meeting with the President of the Supreme Court and the Supreme Court Justices on February 2, he congratulated the Supreme Court for its actions in removing President Jose Manuel "Mel" Zelaya from office. He urged the Government of Honduras to eschew establishing a "truth commission," asserting that the "Supreme Court is the truth commission" and that any further investigation into the events of the summer would result in continued political division and animosity in the country. He also explained that he would return to the US and urge the administration to reissue visas for those people whose visas were revoked or suspended in response to the coup.

18. (SBU) The Supreme Court Justices each took the opportunity to thank Congressman Rohrabacher for his comments and defended the integrity of the legal process used to remove President Zelaya. Justice Victor Manuel Martinez Silva said that the Organization of American States (OAS) had expelled Honduras and the European Union (EU) had censured Honduras without even hearing their legal justifications and he urged that international financial sanctions be removed. Justice Rosalinda Cruz Sequiera observed that various human rights reports, including the Committee on Inter-American Dialogue report, contained statements that were "completely false" in referring to the removal of former President Zelaya as a "coup d'etat". She expressed the belief that history would bear out the correctness of their actions. Vice-President of the Supreme Court-Jose Tomas Arita Valle emphasized that the actions taken by the court were not driven by political interests and were practically unanimous.

SUPPORTING US INVESTMENT IN HONDURAN BIOFUEL

19. (U) Congressman Rohrabacher and members of his delegation met on February 1 with Ramon Espinoza, an agricultural expert who serves as science advisor to President Lobo. Mr. Espinoza was accompanied by Manlio Martinez, a development economist who works in Mr. Espinoza's office. The economic counselor also attended

the meeting.

¶10. (SBU) Congressman Rohrabacher introduced Kirk Haney and Greg Simon-Miro, representatives of the company SG Biofuels, which has been developing a highly productive strain of jatropha, a biofuel, in Guatemala. Congressman Rohrabacher told Mr. Espinoza that experts from the University of California at San Diego had been working with the company to develop the strain. Haney said that the company had planted 600 hectares of the seed, which is the top-producing jatropha strain to date, in Guatemala. The challenge now is to bring the technology to the market. Haney told Espinoza that, when he first met with Congressman Rohrabacher about this topic two years ago, Congressman Rohrabacher had told him that the best way to do this would be to make the seed available to small farmers. The company would give the farmers a contract to buy the seed at a pre-set price.

¶11. (SBU) Espinoza said that he had worked on a biofuel project while in academia. He stated that he has talked about biofuels to President Lobo and believes that the President wants to make this area a priority. Espinoza noted that Brazil had benefited from its foresight in making this a priority starting in the 1980s. Honduras, Espinoza said, is behind in this area and the challenge will be to select two or three key priorities. He told Congressman Rohrabacher that he had opposed Honduras' emphasis on palm oil, since he does not think it is advisable to turn a food material into an energy source, given the distortions this causes to food prices. He said that the jatropha project was an excellent opportunity. Haney said that his company was not looking for special favors from the Honduran government but wanted to make the government aware that the project was available.

¶12. (SBU) Espinoza said that Honduras's development is hampered by the country's lack of technical skills. He noted that Intel had just announced that its highest-end chip will be produced in Costa Rica, but that this type of manufacturing would not be possible in Honduras. Congressman

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Rohrabacher recommended that Honduras develop its patent and copyright framework so that there will be an incentive to innovate.

The Congressman said one way that Honduras could attract innovators would be to make income derived from patents and copyrights tax-free.

¶13. (SBU) In a productive meeting with Ambassador Llorens, the representatives from SG Biofuel presented their proposal for initiating jatropha planting operations in Honduras. The Ambassador and Congressman Rohrabacher discussed the many ways that this serious initiative coincides with the Mission's Strategic Goals on renewable energy. The Ambassador arranged break-out meetings for the SG representatives with the economic section, Millenium Challenge Corporation (MCC) and USAID to discuss further opportunities for collaboration.

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